



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

201215018

JAN 17 2012

Uniform Issue List 414.08-00

Attention: *****

Legend:

Church A = *****
Order B = *****
State C = *****
Plan X = *****

Dear *****:

This is in response to a letter dated *****, as supplemented by correspondence dated *****, and *****, in which your authorized representative requested a letter ruling on behalf of Order B under section 414(e) of the Internal Revenue Code (the "Code").

In support of your ruling request you have submitted the following statements and information:

Order B, a not-for-profit corporation chartered under the laws of State C, is a religious order that is organized under, is an integral part of, and shares common religious bonds

and convictions with Church A. Members of Order B participate in and facilitate Church A religious worship, practice, and other ***** functions of Church A.

Order B also is listed in the official directory of Church A for the United States. The Internal Revenue Service ("Service") has determined that any organization listed or appearing in the Church A directory is an organization that is described in section 501(c)(3) of the Code and exempt from tax under section 501(a).

Effective January 1, 2007, Order B established Plan X, a defined contribution savings plan, exclusively for the benefit of common law employees of Order B, hired on or after January 1, 2006, and their beneficiaries. Also, effective January 1, 2007, Plan X has been administered by the Plan Administrative Committee, an unincorporated organization established for the principal purpose or function of administering and maintaining Plan X. Plan Administrative Committee members serve at the pleasure of the governing council of Order B. None of the employees of Order B are engaged in providing services for a for-profit organization.

Based on the foregoing statements and representations, you request a ruling that Plan X is a church plan within the meaning of section 414(e) of the Code.

To qualify under section 401(a) of the Code, an employees' plan generally must, among other requirements, meet the minimum participation standards of section 410 and the minimum vesting standards of section 411. Qualified pension plans also must meet the minimum funding standards of section 412. Each of these sections, however, contains an exception for a "church plan" as defined in section 414(e), unless an election has been made in accordance with section 410(d). See, sections 410(c)(1)(B), 411(e)(1)(B) and 412(e)(2)(D).

Further, only the employer or administrator of a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA") is required to file Form 5500 (Annual Return/Report of Employee Benefit Plan); church pension benefit plans and various welfare benefit plans that are church plans are excused from the filing. See Announcement 82-146, 1982-47 I.R.B. 53, and section 1 of the instructions to Form 5500.

Section 414(e)(1) of the Code generally defines a church plan as a plan established and maintained for its employees (or their beneficiaries) by a church or by a convention or association of churches which is exempt from taxation under section 501.

Section 414(e)(3)(A) of the Code provides that a plan established and maintained for its employees (or their beneficiaries) by a church or by a convention or association of churches includes a plan maintained by an organization, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, or both, for the employees of a church or a convention or association of churches, if such

organization is controlled by or associated with a church or a convention or association of churches.

Section 414(e)(3)(D) of the Code provides that an organization, whether a civil law corporation or otherwise, is "associated" with a church or convention or association of churches if the organization shares common religious bonds and convictions with that church or convention or association of churches.

Section 1.414(e)-1(a) of the Income Tax Regulations (the "regulations") provides, in pertinent part, that for purposes of Code section 414(e), the term "church plan" means a plan established and at all times maintained for its employees by a church or by a convention or association of churches (hereinafter included within the term "church") which is exempt from tax under section 501(a).

Section 1.414(e)-1(e) of the regulations provides, in pertinent part, that for purposes of section 1.414(e)-1, the term "church" includes a religious order, if such order (1) is an integral part of a church, and (2) is engaged in carrying out the functions of a church, whether as a civil law corporation or otherwise.

In this case, Order B is a religious order that is organized under the auspices of Church A. Order B is listed in the official directory of Church A for the United States and is, therefore, an organization that is described in section 501(c)(3) of the Code, and exempt from tax under section 501(a). Moreover, as an organization that is listed in the official directory of Church A in the United States, Order B shares common religious bonds and convictions with Church A and is, therefore, associated with Church A within the meaning of section 414(e)(3)(D) of the Code for purposes of the church plan rules. Moreover, because Order B is an integral part of Church A and is engaged in carrying out the functions of Church A, Order B is considered to be a "church" within the meaning of section 1.414(e)-1(e) of the regulations and for purposes of the church plan rules.

Plan X is a retirement savings plan established effective January 1, 2007, by Order B exclusively for its common law employees hired on or after January 1, 2006 and their beneficiaries. Plan X is administered by its Plan Administrative Committee, an organization the principal purpose or function of which is the administration or funding of a plan that provides retirement benefits for Order B employees and their beneficiaries. The Plan Administrative Committee members serve at the pleasure of the governing council of Order B.

Accordingly, we conclude that Plan X is a church plan within the meaning of section 414(e)(1) of the Code.

No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or regulations which may be applicable thereto.

This letter expresses no opinion as to whether Plan X satisfies the requirements for qualification under Code section 401(a). The determination as to whether a plan is qualified under section 401(a) is within the jurisdiction of the Manager, Employee Plans Determinations Programs, Cincinnati, Ohio.

This ruling, therefore, is directed only to the taxpayer (Order B) that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

Copies of this letter and related documents have been sent to your authorized representative in accordance with a power of attorney on file in this office. If you have any questions pertaining to the ruling, please contact Mr. ***** (Identification Number ***** of this office, by phone at ***** or by fax at 202-283-9598 for further information.

Sincerely yours,

Carlton A. Watkins

Carlton A. Watkins, Manager
Employee Plans Technical Group 1